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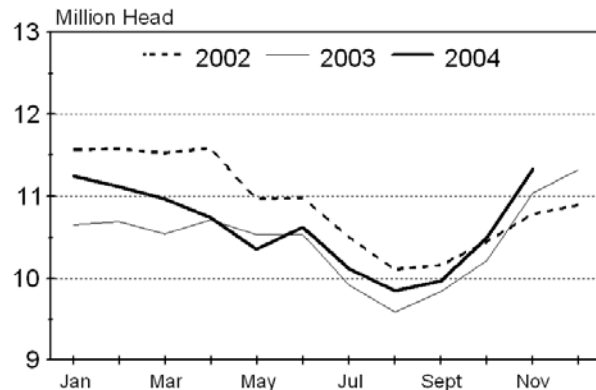
NASS Monthly Ag Newsletter

Cold Storage

Placements in feedlots during October totaled 2.70 million, 3 percent below 2003 but 13 percent above 2002. This is the second lowest placements for the month of October since the series began in 1996. Net placements were 2.64 million head. During October, placements of cattle and calves weighing less than 600 pounds were 912,000, 600-699 pounds were 764,000, 700-799 pounds were 529,000, and 800 pounds and greater were 496,000.

Marketings of fed cattle during October totaled 1.80 million, 3 percent below 2003 and 9 percent below 2002. Other disappearance totaled 66,000 during October, 35 percent below 2003 and 21 percent below 2002.

**United States Cattle On Feed
1,000 + Capacity Feedlots, 2002-2004**



CATTLE ON FEED

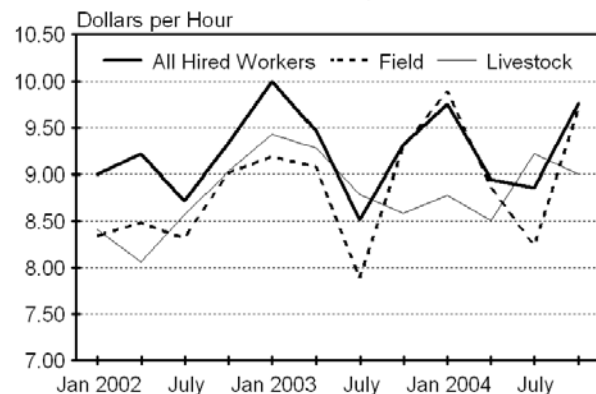
United States
Cattle and calves on feed for slaughter market in the United States for feedlots with capacity of 1,000 or more head totaled 11.3 million head on November 1, 2004. The inventory was 3 percent above November 1, 2003 and 5 percent above November 1, 2002.

FARM LABOR

United States
Farm operators paid their hired workers an average wage of \$9.30 per hour during the October 2004 reference week, up 25 cents from a year earlier. Field workers received an average of \$8.60 per hour, up 18 cents from last October, while livestock workers earned \$8.91 per hour compared with \$8.64 a year earlier.

Northern Plains
Farm operators paid their hired workers an average wage of \$9.76 per hour during October 2004 survey week, up 45 cents from a year earlier. Field workers received an average of \$9.70, up 41 cents per hour from last October. Livestock workers earned \$9.00 per hour compared with \$8.59 a year earlier.

**Wage Rates for Hired Workers
Northern Plains, 2002-2004**



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MILK PRODUCTION

United States

Milk production in the 20 major states during October totaled 12.2 billion pounds, up 1.3 percent from October 2003. September revised production, at 11.9 billion pounds, was up 1.3 percent from September 2003. The September revision represented a decrease of 1 million pounds from last month's preliminary production estimate.

Production per cow in the 20 major states averaged 1,576 pounds for October, 15 pounds above October 2003.

The number of milk cows on farms in the 20 major States was 7.77 million head, 26,000 head more than October 2003, but unchanged from September 2004.



DAIRY PRODUCT PRICES

United States

Cheddar cheese prices received for U.S. 40 pound blocks averaged \$1.55 per pound for the week ending November 13. The price per pound increased 3.0 cents from the previous week. The price for U.S. 500 pound barrels adjusted to 38 percent moisture averaged \$1.54 per pound, up 1.5 cents from the previous week.

Butter prices received for 25 kilogram and 68 pound boxes meeting USDA Grade AA standards averaged \$1.78 per pound for the week ending November 13. The U.S. price per pound increased 20.6 cents from the previous week.

Nonfat dry milk prices received for bag, tote and tanker sales meeting USDA Extra Grade or USPH Grade A standards averaged 85.2 cents per pound for the week ending November 13. The U.S. price per pound decreased 0.9 cents from the previous week.

Dry whey prices received for bag, tote and tanker sales meeting USDA Extra Grade standards averaged 23.6 cents per pound for the week ending November 13. The U.S. price per pound increased 0.4 cents from the previous week.

TURKEY HATCHERY

United States

Turkey eggs in incubators on November 1, 2004, in the United States totaled 27.4 million, 4 percent below November 1 a year ago. Eggs in incubators were 2 percent above the October 2004 total of 26.7 million eggs. Regional changes from the previous year were: East North Central down 4 percent, West North Central up 4 percent, North and South Atlantic down 11 percent, South Central down 19 percent, and West down slightly.

The 20.8 million poults placed during October 2004 in the United States were down 9 percent from the number placed during the same month a year ago. Placements were down 2 percent from the September 2004 total of 21.3 million. Regional changes from the previous year were: East North Central down 10 percent, West North Central down 12 percent, North and South Atlantic down 5 percent, South Central down 15 percent, and West up 4 percent.

LIVESTOCK SLAUGHTER

United States

Commercial red meat production for the United States totaled 3.92 billion pounds in October, down 6 percent from the 4.16 billion pounds produced in October 2003.

Beef production, at 2.11 billion pounds, was 4 percent below the previous year. Cattle slaughter totaled 2.75 million head, down 9 percent from October 2003. The average live weight was up 36 pounds from the previous year, at 1,267 pounds.

Veal production totaled 12.4 million pounds, 24 percent below October a year ago. Calf slaughter totaled 62,500 head, down 28 percent from October 2003. The average live weight was 22 pounds above last year, at 330 pounds.

Pork production totaled 1.78 billion pounds, down 7 percent from the previous year. Hog kill totaled 8.97 million head, 7

percent below October 2003. The average live weight was unchanged the previous year, at 267 pounds.

Lamb and mutton production, at 16.3 million pounds, was down 9 percent from October 2003. Sheep slaughter totaled 241,400 head, 9 percent below last year. The average live weight was 134 pounds, unchanged from October a year ago.

January to October 2004 commercial red meat production was 37.7 billion pounds, down 4 percent from 2003. Accumulated beef production was down 9 percent from last year, veal was down 12 percent, pork was up 3 percent from last year, and lamb and mutton production was down 3 percent.

The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

Corn: The November forecast for 2004 corn production is 11.7 billion bushels, up 1% from the last forecast and 16% above last year. Based on November 1 conditions, yields are expected to average 160.2 bushels per acre, up 1.8 bushels from last month and up 18.0 bushels from a year ago. If realized, both production and yield would be the largest on record. The World Agricultural Outlook Board (WAOB) projected 2004/05 ending stocks of corn are up 128 million bushels from last month as a result of the higher production forecast. Corn exports are forecast at 2.05 billion bushels, down 25 million bushels from last month due to the slow pace of export sales to date and lower projected imports by Mexico, South Korea, and several other major markets. A market year average price between \$1.70 and \$2.10 per bushel is expected, compared with \$2.42 for the 2003 crop.

Soybeans: The 2004 soybean crop is forecast at 3.15 billion bushels, up 1% from October and up 28% from last year. The yield forecast, at 42.6 bushels per acre, increased 0.6 bushel from last month and is 8.7 bushels above 2003. If realized, both production and yield would be the largest ever recorded. WAOB projected ending stocks are up 55 million bushels from last month, to 460 million bushels, the highest level since 1985/86. Soybean exports are forecast at 1.01 billion bushels, down 15 million bushels from last month mainly reflecting lower import demand in China. Soybean crush, at 1.65 billion bushels, is unchanged from last month. A market year average price is projected between \$4.55 and \$5.35 per bushel, down 15 cents from last month on both ends of the range, and below the 2003 average price of \$7.34.

Cattle: Mid-November prices for choice steers (Nebraska direct, 1100-1300 pounds) averaged \$82 per cwt, down \$1 from mid-October. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were roughly \$112 per cwt, down \$3 from a month earlier.

Hogs: Through the first two weeks of November, hog slaughter was running about 4.4% below a year ago. Cash prices at mid-November (Iowa-Southern Minnesota direct, 51-52% lean) averaged \$58 per cwt, up \$8 from the mid-October price. Fourth quarter prices are expected to average \$51 per cwt.

Other: October milk production was up 1.3% from the previous year. Production per cow increased 1.0%, while the number of cows increased 0.3% from a year earlier.

Trade: November U.S. trade projections for rice, cotton, beef, broilers, and turkeys improved while 2004/2005 export prospects for corn and soybeans declined, compared with last month. Wheat and pork were unchanged from October. November projections for the volume of exports for the 2004/2005 marketing year compared to 2003/2004 are:

wheat down 16%; corn up 8%; rice unchanged; soybeans up 14%; soybean meal up 24%; soybean oil up 16%; and cotton down 9%. November projections for the volume of meat exports in calendar 2005 compared to 2004 are: beef up 40%; pork up 2%; broilers up 10%; and turkeys up 13%. The U.S. trade deficit for goods and services decreased to \$51.6 billion in September, from a revised \$53.5 billion in August. The U.S. agricultural trade surplus was \$450 million in September, compared with a deficit of \$150 million in August.

Prices: The rate of inflation, as monitored by the CPI for all urban consumers, increased 0.5% in October and has increased 3.2% over the last 12 months. The PPI increased 1.7% in October and has increased 4.4% over the last 12 months. The October prime rate, averaging 4.75%, was up from 4.58% in September. Compared to a year earlier, feed prices in October were down 5%; feeder livestock and poultry were up 12%; fertilizer up 12%; ag chemicals down 2%; farm machinery up 7%, seeds up 1% and fuels up 34%.

World Weather and Crop Developments (November 7-14):

In the United States, warm, dry weather favored fieldwork across the northern Great Plains and northern Corn Belt. Meanwhile, a storm system gradually moved across the southern half of the Nation throughout the week, causing moderate precipitation and limiting fieldwork from California to the southern and middle Atlantic Coast States.

Temperatures were below normal in the eastern Corn Belt, along the Atlantic Coast, in southern California, and in Texas, while above-normal temperatures prevailed across the rest of the Nation. Much cooler weather prompted cold hardening in winter crops in western Europe, while widespread rain boosted topsoil moisture for crop establishment in southeastern Europe. Winter grains continued to ease into dormancy in northern Russia, while above-normal temperatures stimulated further growth in Ukraine and southern Russia. Persistent dryness continued to delay rainfed winter grain planting across central Turkey, while widespread rain boosted planting prospects in western Iran. Scattered showers hampered fieldwork in central India, but summer crop harvesting and winter crop planting advanced elsewhere. Heavy showers overspread Algeria and Tunisia, spurring planting of winter grains. In South Africa showers returned to northern and eastern sections of the corn belt, but unfavorable warmth and dryness persisted in other major summer crop areas. Widespread rain continued in eastern Australia, slowing winter grain maturation and delaying harvesting, but further improving moisture supplies for dryland and irrigated summer crops. Mostly dry weather favored seasonal fieldwork on the North China Plain. Across most of Mexico, seasonably dry weather favored summer crop maturation and early harvesting. Locally heavy showers continued in major soybean, coffee, and winter wheat areas of Brazil. Rain soaked northern agricultural areas, but dry weather returned to most of central Argentina.

COLD STORAGE

United States

Frozen food stocks in refrigerated warehouses on October 31, 2004 were greater than year earlier levels for chicken, beef, orange juice, eggs and cheese.

Butter stocks were down 21 percent from last month and down 38 percent from a year ago.

Total red meat supplies in freezers were up 3 percent from last month and up 10 percent from last year. Frozen pork supplies were up 5 percent from last month, but down

slightly from the previous year. Stocks of pork bellies were up 42 percent from last month, but down 24 percent from last year.

Total frozen poultry supplies on October 31, 2004 were 1 percent below the previous month, but 9 percent above a year ago. Total stocks of chicken were up 3 percent from the previous month and up 33 percent from last year. Total pounds of turkey in freezers were down 7 percent from last month and down 16 percent from October 31, 2003.



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